



SHIELDALLOY METALLURGICAL CORPORATION

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October 24, 2005

Kenneth L. Kalman
Decommissioning Branch
Division of Waste Management
Office of Nuclear Materials Safety and Safeguards
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Revision 1 to the Decommissioning Plan for the Newfield Facility (License No. SMB-743, Control No. 132074)

Dear Mr. Kalman:

Shieldalloy Metallurgical Corporation ("SMC") hereby submits Revision 1 of its Decommissioning Plan ("DP") to the U.S. Nuclear Regulatory Commission ("NRC") for its review and approval. Revision 1 addresses the comments set forth in the NRC letter to SMC dated February 28, 2003 as well as additional guidance provided by the NRC following submission of the DP.

SMC holds source material license SMB-743 from the U.S. Nuclear Regulatory Commission ("NRC") for its facility in Newfield, NJ. The principle activity authorized by the license was metallurgical operations with ore containing source material to produce iron-based alloys. On August 27, 2001, SMC notified NRC that principle activity under the license had ceased. On August 30, 2002, SMC submitted a DP to the NRC.

Revision 1 to the DP is part of an evolving process over the last fifteen years to address the decommissioning of this site. On April 7, 1993, SMC submitted to the NRC a conceptual decommissioning plan as a supplement to its application for license renewal. On November 26, 1993, the NRC published a notice of its intent to prepare an Environmental Impact Statement for decommissioning associated with the license that included addressing on-site stabilization of the slag containing source material that results from licensed metallurgical operations. The NRC renewed the license in October 1997. For the last decade, SMC and NRC have maintained a productive dialog on the most efficient and cost-effective method of achieving the regulatory objectives for decommissioning this site. For example, on May 15, 2004, the NRC provided SMC with guidance on long-term control ("LTC") licensing for use in preparing the DP revision. Appendix 19.1 to Revision 1 identifies where previous NRC comments are addressed.

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NRC guidance on restricted release is evolving. For example, in 2004, NRC issued generic guidance in NUREG-1757, *Consolidated NMSS Decommissioning Guidance*. On September 29, 2005, the NRC issued a draft supplement to NUREG-1757 identifying anticipated changes specific to applications for restricted release and requesting comments by December 30, 2005. SMC has prepared Revision 1 to the DP to the maximum extent possible consistent with the NRC guidance. Considering that the NRC guidance has been and continues to evolve in this area, SMC anticipates continuing discussion with the NRC during the review process on implementing restricted release regulatory objectives.

Pursuant to 10 C.F.R. § 40.36(d), SMC must provide a description of the method for assuring funds for decommissioning. The estimated cost of the work described in the DP, including a 25% contingency factor, is about \$5.2 million. As discussed in Chapter 15 of the DP, financial assurance mechanisms in excess of this amount and associated supporting documentation have been provided previously.

Because License Amendment 8, issued on November 6, 2002, incorporated the DP as an authorized use of SMB-743, this letter does not request a license amendment at this time. SMC intends to request a license amendment reflecting the changed end-state of the facility once NRC completes its safety and environmental reviews of the DP.

If you have any questions regarding the referred matter, please do not hesitate to contact me at (856) 692-4201 extension 226 or via e-mail at dsmith@shieldalloy.com

Sincerely,


David R. Smith,
Radiation Safety Officer

cc:

w encl:

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